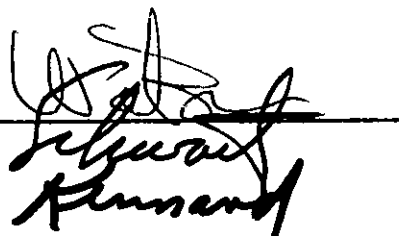


1 By



S.B. No. 950

A BILL TO BE ENTITLED

AN ACT

relating to proceeds of the city sales tax of cities which fail to comply with rules, regulations, and other orders of the Texas Water Quality Board and the Texas Air Control Board; amending Section 8, Local Sales and Use Tax Act, as amended (Article 1066c, Vernon's Texas Civil Statutes); and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Section 1. Section 8, Local Sales and Use Tax Act, as amended (Article 1066c, Vernon's Texas Civil Statutes), is amended to read as follows:

TRANSMISSION OF REVENUES; DEDUCTIONS; RETENTION OF REVENUES; REFUNDS; CLOSING OF ACCOUNTS.

"Section 8. (a) Except as provided in Subsection (b) of this section, each city's share of all local sales and use tax collected under this Act by the Comptroller shall be transmitted to the Treasurer or the officer performing the functions of such office of such city by the Comptroller payable to the city periodically as promptly as feasible. Transmittals required under this Act shall be made at least twice in each State fiscal year. The funds so transmitted may be used by the city for any purpose for which the general funds of the city may be used. Before transmitting such funds, the Comptroller shall deduct two percent (2%) of the sum collected from each such city during such period as a charge by the State of Texas for its services specified in this Act, and the amounts so deducted, subject to the provisions of Section 7B of this Act, shall be deposited by the Comptroller in the State Treasury to the credit of the General Revenue Fund of the State. The Comptroller is authorized to retain in the suspense account of any city a portion of the city's share of the tax collected under this Act. Such balance so retained in the suspense account shall not exceed five percent (5%) of the amount remitted to the city. The Comptroller is authorized to make refunds from the suspense account of any city for overpayments made to such accounts, and to redeem dishonored checks and drafts deposited to the credit of the suspense accounts of such cities. When any city shall adopt the Local Sales and Use Tax, and shall thereafter abolish such tax, the Comptroller may retain in the suspense account of such city for a period of one year five percent (5%) of the final remittance to each such city at the time of termination of collection of such tax in such city to cover possible refunds for overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed after the effective date of abolition of such tax in such city, the Comptroller shall remit the balance in such account to the city and close the account.



1       "(b) If the Texas Water Quality Board or the Texas Air  
2 Control Board determines that a city or town is violating any of  
3 its orders, rules, regulations, permits, or variances, the board  
4 in question shall issue an order making this finding and direct-  
5 ing the Comptroller to withhold further transfers to the treasurer  
6 or other officer of that city or town of the city's or town's  
7 share of the local sales and use tax as of the effective date of  
8 the order. On receiving the order, the Comptroller shall place  
9 in the suspense fund for the particular city or town against which  
10 the order is issued all collections of the local sales and use  
11 tax which constitute the city's or town's share and shall  
12 continue to place these collections in the fund until the board  
13 issuing the order to withhold the funds issues a subsequent order  
14 stating that the city or town has submitted and the board has  
15 approved a plan of compliance and directing the Comptroller to  
16 release to the treasurer or other officer of the city or town the  
17 local sales and use tax being held in the suspense fund. On  
18 receiving the order directing him to release the funds, the  
19 Comptroller shall transfer the funds to the treasurer or other  
20 officer of the city or town and shall continue to transfer the  
21 funds in the manner provided in Subsection (a) of this section."

22       Sec. 2. The importance of this legislation and the crowded  
23 condition of the calendars in both houses create an emergency and  
24 an imperative public necessity that the Constitutional Rule  
25 requiring bills to be read on three several days in each house be  
26 suspended, and this Rule is hereby suspended, and that this Act  
27 take effect and be in force from and after its passage, and it is  
28 so enacted.  
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S. B. 950

By: Watson  
Schwartz  
Kennard

## BILL ANALYSIS

### BACKGROUND INFORMATION:

Section 8 of Article 1066c, VTCS, concerns the transmission of revenues, deductions, retention of revenues, refunds, and the closing of accounts under the Local Sales and Use Tax Act.

### PURPOSE OF THE BILL:

To provide for the retention by the Comptroller of a city's share of the local sales and use tax in cases in which or determination that such city is in violation of a rule of the Water Quality Board or the Air Control Board.

### SECTION BY SECTION SUMMARY:

Section 1: Amends Section 8 of Article 1066c, VTCS (which concerns transmission of revenues, deductions, retention of revenues, refunds, closing of accounts under the Local Sales and Use Tax Act) by placing the present section under a subsection (a), by inserting the wording "except as provided in subsection (b) of this section" at the beginning of subsection (a), and by adding a new subsection (b). If the Water Quality Board or The Air Control Board determines that a city is in violation of any its regulations, such board shall order the Comptroller to withhold transfers to that city of its share of the local sales and use tax. The Comptroller shall then place that city's share of the tax in its suspense fund and shall continue to do so until the board issues an order stating that it has approved a plan of compliance and directing the Comptroller to release to the city the funds being withheld in the suspense account. The Comptroller shall then release the funds and again follow the normal procedure.

Section 2: Emergency clause.

SRS

April 27, 1971

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S.B. No. 950

By Watson, et al

AN ACT relating to proceeds of the city sales tax of cities which fail to comply with rules, regulations, and other orders of the Texas Water Quality Board and the Texas Air Control Board; amending Section 8, Local Sales and Use Tax Act, as amended (Article 1066c, Vernon's Texas Civil Statutes); and declaring an emergency.

Constitutional Rule (Sec. 5, Art. III) and Senate Rule 108 suspended by vote of 30 yeas, 0 nays, to introduce bill.

Filed with the Secretary of the Senate

**APR 26 1971**

Read, referred to Committee on Water and Conservation

Reported favorably.

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed.

Senate and Constitutional Rules to permit consideration suspended by

{ unanimous consent.

\_\_\_\_\_ yeas, \_\_\_\_\_ nays.

To permit consideration, reading and passage, Senate and Constitutional Rules suspended by vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays.

Read second time and { ordered engrossed.  
passed to third reading.

Caption ordered amended to conform to body of bill.

Senate and Constitutional 3-Day Rules suspended by vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays to place bill on third reading and final passage.

Read third time and passed by { a viva-voce vote.  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays.

OTHER ACTION:

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Engrossed

\_\_\_\_\_  
Sent to HOUSE

\_\_\_\_\_  
ENGROSSING CLERK